

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2013-199-WS

In Re: Application of United Utility)
 Companies, Inc. for Adjustment of) **DIRECT TESTIMONY**
 Rates and Charges and Modifications) **OF**
 to Certain Terms and Conditions for) **PATRICK C. FLYNN**
 the Provision of Water and Sewer)
 Service)

Q. PLEASE STATE YOUR FULL NAME AND BUSINESS ADDRESS.

A. My name is Patrick C. Flynn. My business address is 200 Weathersfield Avenue,
Altamonte Springs, Florida 32714.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I have been a Regional Director at Utilities, Inc. since 2003 and manage 18 subsidiaries of
Utilities, Inc. including United Utility Companies, Inc. or "United." My duties encompass all
aspects of utility operations in the Southeast Region of Utilities, Inc., which includes the states of
South Carolina and Florida. My responsibilities include the management of a staff of 113 people,
45 of whom are employed in South Carolina; the development and execution of operating and
capital budgets of 18 companies; supervision and support of all rate case and docket activity in my
region; the representative of the utility with respect to all regulatory activities and developer
agreements; and the management of a 132-unit vehicle fleet.

**Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND WORK
EXPERIENCE.**

1 **A.** I am a 1978 graduate of the University of Virginia with a Bachelor of Arts degree in
2 Environmental Science. All told, I have 33 years of experience in the water and wastewater
3 industry. I have been a licensed water and/or wastewater treatment operator in the states of South
4 Carolina, Florida, Louisiana, and Maryland. For over 10 years, I was the general manager and
5 vice president of Hilton Head Plantations Utilities, Inc.

6 **Q. HAVE YOU TESTIFIED BEFORE THIS COMMISSION PREVIOUSLY?**

7 **A.** Yes, I have testified in rate cases before the South Carolina Public Service Commission, and
8 during my tenure with Utilities, Inc., I have been intimately involved in over 50 rate cases in the
9 last 13 years.

10 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

11 **A.** The purpose of my testimony is to provide a description of United's operations and the
12 capital investments made by United since the test year ending December 31, 2008, which the
13 Commission adopted in the previous rate case.

14 **Q. WHAT IS THE HISTORY OF UNITED UTILITY COMPANIES, INC.?**

15 **A.** United has been providing water and/or sewer service to its customer since at least the
16 1980's, all of which are situated in the Upstate of South Carolina.

17 **Q. HOW MANY CUSTOMERS ARE SERVED BY UNITED?**

18 **A.** There are approximately 100 water customers in three water systems in Greenville County
19 and over 1,500 sewer customers in various subdivisions in Anderson, Cherokee, Greenville,
20 Greenwood, and Union counties.

21 **Q. PLEASE DESCRIBE UNITED'S SYSTEMS.**

22 **A.** United provides water service to the Trollingwood, Kingswood and Woodmont Estates

subdivisions in Greenville County.

United also provides wastewater collection, treatment and disposal service to its sewer customers in:

- Trollingwood, Canterbury, Valleybrook and Valley View subdivisions as well as North Greenville University in Greenville County
- Briarcreek subdivision in Cherokee County
- Highland Forest subdivision in Greenwood County
- Fairwoods subdivision in Union County
- Chambert Forest subdivision in Anderson County.

United also provides wastewater collection service to its customers in The Village, The Shoals, Country Aire, and Kellet MHP, all in Greenville County.

Lastly, United operates and maintains its lift station and force main serving Woodmont High School in Greenville County.

Q. PLEASE DESCRIBE THE CAPITAL IMPROVEMENTS MADE TO UNITED'S WATER SYSTEMS SINCE DECEMBER 31, 2008, THE END OF THE TEST YEAR IN THE PREVIOUS UNITED RATE CASE.

A. United is currently in the process of replacing the hydropneumatic tank at the Kingswood Water Plant. Additionally, eleven individual water meters have been replaced since January 2009.

Q. ARE YOU FAMILIAR WITH THE CAPITAL IMPROVEMENTS MADE TO UNITED'S SEWER SYSTEM?

A. Yes, I am.

Q. WHY WERE THESE CAPITAL IMPROVEMENTS MADE?

1 A. These capital improvements were necessary to maintain compliance with NPDES operating
2 permit requirements and SCDHEC regulations, replace assets that were at the end of their service
3 life, address deficiencies in United's facilities, provide infrastructure needed to serve new or
4 existing customers, or otherwise ensure the means to provide sewer service to United's customers.

5 **Q. WHAT EFFECT HAVE THE CAPITAL IMPROVEMENTS TO THE**
6 **WASTEWATER SYSTEM HAD ON UNITED'S OPERATIONS AND SERVICE?**

7 **A.**
8 **Wastewater Treatment Process**

9 In 2010, United installed aerobic digester tanks and associated appurtenances at both Briarcreek
10 WWTP #1 and Briarcreek WWTP #2 at a cost of over \$155,000. The two treatment plants were
11 originally constructed without digesters. After placing the new digester units into service, the plant
12 operator was able to better monitor and control the treatment process, reduce sludge hauling
13 expense by decanting liquid from the digested sludge, and improve the two treatment plants'
14 effluent water quality prior to discharge to the receiving streams.

15 In 2009, United installed an aerobic digester at the Highland Forest WWTP at a cost of over
16 \$26,000. The original digester compartment in the treatment train was converted to an aeration
17 tank in order to meet stringent ammonia nitrogen limits. Similar to the Briarcreek digester project,
18 once the digester was in place, the operator was better able to monitor and adjust the treatment
19 process in order to consistently produce plant effluent that meets all of the water quality limits
20 specified in the plant's operating permit.

21 In 2009, two process blowers were replaced at the Canterbury WWTP at a cost of \$7,700. The new
22 blowers replaced units that were at the end of their service life and no longer repairable. Process

1 blowers are critical in ensuring that the biological treatment process performs as designed.

2 Installation of the new blowers provided the operator with the means to optimize the treatment
3 process by providing adequate mixing and dissolved oxygen in the aeration units, which is critical
4 in reducing ammonia nitrogen, phosphorus, organic material and suspended solids in the effluent
5 prior to discharge to the receiving creek.

6 **Wastewater Collection System**

7 United pressure cleaned, video inspected, or smoke tested various portions of its collection system
8 in order to remove the buildup of grease, sediment and organic matter in selected portions of its
9 systems.

10 **Water Distribution System**

11 Replacement of the pressurized hydropneumatic tank at the Kingswood plant, at a project cost of
12 nearly \$50,000, will result in United establishing adequate finished water storage capacity,
13 providing stable water pressure throughout the day, and improving the quality of service to its
14 customers.

15 Replacement of defective or inaccurate water meters insures that customers are not under billed or
16 over billed for water use.

17 **Q. WHAT ARE SOME OF THE OTHER ACTIONS THAT UNITED HAS TAKEN**
18 **TO IMPROVE ITS SYSTEM'S OPERATIONS AND ENSURE ENVIRONMENTAL**
19 **COMPLIANCE?**

20 **A.** United increased the size of its operations staff in the Greenville area by converting a
21 part-time certified operator position to a full time position. The additional manpower has been
22 critically important in order to operate the North Greenville University WWTP satisfactorily. The

1 complexity of the equipment used in the treatment process at this facility, as well as the wide
2 fluctuations in flow caused by the university's school calendar, requires the presence of an
3 operator for 2-3 hours per day, five days per week. Since making this change, the NGU WWTP's
4 performance has been much improved.

- 5 • United inspected and cleaned the interior of its hydropneumatic tanks at Trollingwood,
6 Woodmont Estates, and Kingswood water plants, which resulted in the replacement of the
7 Kingswood tank and the removal of mineral buildup in the other tanks. This maintenance
8 activity improved water quality thereafter.
- 9 • The Trollingwood iron removal filters were completely refurbished, and as a result, the
10 amount of iron residue in the water produced and treated at the plant has been noticeably
11 improved.
- 12 • At the Canterbury and Trollingwood WWTP's, the effluent weirs were replaced with weirs
13 that provide a more accurate measurement of flow. This allows the certified plant operator
14 to better manage the treatment process by optimizing the aeration, clarification, and
15 disinfection processes.
- 16 • United initiated Water Effect Ratio (WER) Studies at Valleybrook, Canterbury, and
17 Highland Forest WWTP's to determine if the permitted copper limits at the three facilities
18 were unnecessarily overprotective of aquatic life. In all three cases, the WER Study
19 identified that the default copper limits were set by DHEC too low. The revised limits,
20 based on sound scientific principles, provide the opportunity for the certified operator to
21 optimize the treatment process using the existing equipment and tankage and thus avoiding
22 unnecessary capital investment in unwarranted plant upgrades or modifications.

1 **Q. ARE YOU FAMILIAR WITH THE FACTS ASSOCIATED WITH THE**
2 **PROVISION OF SEWER SERVICE TO NORTH GREENVILLE UNIVERSITY?**

3 **A. Yes I am.**

4 **Q. PLEASE EXPLAIN THE CURRENT BILLING CALCULATION AND THE**
5 **DISCUSSIONS BETWEEN UNITED AND THE UNIVERSITY ON THIS ISSUE.**

6 **A.** United owns, operates, maintains, and manages its wastewater treatment plant as well as
7 the wastewater collection system serving the Valley View residential subdivision. North
8 Greenville University owns, operates, maintains and monitors the wastewater collection system
9 located on its campus. Wastewater generated on campus and from the Valley View customers
10 flows to the NGU WWTP for treatment and disposal.

11 Currently, NGU's monthly sewer bill is based on a rate of \$27.35 per Single Family Equivalent
12 (SFE) multiplied by 300 SFE's as per the PSC-authorized tariff and the terms of the settlement
13 reached between the parties dated July 17, 2012 in Docket 2009-479-WS, Order No. 2012-547.

14 The Order specifies that the SFE count shall remain at a value of 299 until January 1, 2013. It is my
15 understanding that thereafter, the SFE count may increase as NGU constructs new buildings and
16 thus increases its contributory flow and load to United's facility.

17 In June 2012, United was informed by Larry Barnwell of NGU that NGU's lift station serving the
18 Village at Tigerville shopping center was contributing flow to United's treatment plant through a
19 connection to NGU's piping system but without permission or authorization by United.

20 Subsequently, Gerald Lonan of PACE Engineering, representing NGU, requested that United
21 provide a him with a letter indicating that United was willing to accept and treat wastewater from
22 this lift station in support of an impending after-the-fact application for a DHEC construction

1 permit. Lee Proctor, Enforcement Manager in DHEC's Water Pollution Control Division, then
2 contacted me and requested the same. In response, United requested that its personnel be allowed
3 to conduct a site inspection of NGU's wastewater facilities and that NGU conduct a premises audit
4 of its collection system to identify and document all of the buildings and facilities contributing
5 flow to United's plant. This audit would be the basis for determining the correct SFE count to be
6 used in computing NGU's sewer bill on a going forward basis. In addition, the requested
7 information would allow United to bill NGU for any additional amount owed United subsequent to
8 the expiration of the cap on SFE's. United's information request was declined (Exhibits PCF-1
9 through PCF-4). Additionally, NGU has declined a request by United to visit NGU's facilities in
10 coordination with ORS staff on September 12, 2013 because of the inability of NGU's President
11 and legal counsel to attend on that date. However, NGU's counsel has now indicated that it will
12 allow United to inspect its facilities at another date. United hopes to conduct a site visit as soon as
13 possible.

14 **Q. HOW ARE SFE COUNTS DETERMINED?**

15 **A.** United's current tariff requires that the utility apply the information contained in DHEC's
16 Guidelines for Unit Contributory Loadings for Domestic Wastewater Treatment Facilities – 25
17 S.C. Code Ann. Regs. 61-67, Appendix A (Supp 2008), in order to compute the applicable Single
18 Family Equivalent (SFE) value. In the case of NGU, for example, the total number of buildings,
19 employees, students, restaurant seats, and other land use information would be used to compute a
20 total SFE count for billing purposes and then bill NGU accordingly under its master account.

21 **Q. ARE SFE COUNTS ADJUSTED OR CHANGED AFTER THEY ARE INITIALLY**
22 **SET?**

1 **A.** They can be. If the type of use of the property changes, or the building is modified or other
2 attributes of the property change over time, the utility may revise the applicable SFE value and
3 adjust the billing to reflect updated information. For example, if a dormitory is constructed and
4 connected to the treatment facility, the SFE count would be increased to reflect the increase in
5 service provided through the point/s of connection to United's facility.

6 **Q. IS UNITED ASKING TO CHANGE ANY PROVISIONS IN ITS WATER AND**
7 **SEWER TARIFFS OTHER THAN THE MONTHLY CHARGES FOR SEWER**
8 **SERVICE, AND THE BASE FACILITIES AND COMMODITIES CHARGES FOR**
9 **WATER SERVICE?**

10 **A.** Yes, the requested changes are describes as follows.

11 **Disconnection Charge**

12 As stated in its application, United is requesting that the existing Reconnection Charge be
13 eliminated from both the water and wastewater tariffs, and in its place, establish a Disconnection
14 Charge of \$40.00 for water service, \$40.00 for sewer service where an elder valve is in place and
15 functional, and \$500.00 for sewer service where an elder valve must be installed. This change in
16 the tariff would establish a direct linkage between disconnecting service and the levying of a
17 charge associated with the execution of that disconnection. The current tariff does not provide that
18 linkage, and as a result, customers who are faced with disconnection for non-payment receive no
19 price signal to make payment on time to avoid such a fee. United proposes to delete from the tariff
20 the current Reconnection Charge so that a customer would not incur any additional charge to
21 reestablish service once all past due fees and charges are paid in full. The establishment of a
22 Disconnection Charge will permit the company to assess the disconnection charge to a customer's

1 account only after giving the customer adequate notice in conformance with PSC regulations. The
2 customer being disconnected would be required to make payment in full for the past due balance
3 and any other fees and charges including the Disconnection Charge prior to United reestablishing
4 service to the premises. In the event that a customer vacates the premises after being disconnected,
5 the customer would be liable thereafter for the balance due, inclusive of the disconnect charge,
6 until paid. United would not be obligated to provide service to any customer who has an unpaid
7 balance due and makes application for service elsewhere, no matter the location of the service
8 address.

9 The proposed disconnection charge for water of \$40.00 reflect the transportation expense incurred
10 by field staff to travel to the customer's premise address to disconnect service, the labor cost, and
11 the cost of a meter lock.

12 In those instances where no elder valve is in place at a premise where only sewer service is
13 provided, one must be installed before a disconnection can be completed. The cost to accomplish
14 the installation of the elder valve varies greatly depending on the depth of the sewer service, the
15 presence of underground and surface conflicts such as underground utilities, driveways, sidewalks,
16 fences, landscaping or other obstacles and restoration costs. Although the contractor fee varies
17 greatly, United is proposing a \$500.00 disconnection charge be established. By establishing a
18 sewer disconnection fee, the cost of the installation of an elder valve in a location where one is
19 currently absent will place the cost of this installation solely on the customer who is subject to
20 being disconnected. The disconnection fee will avoid the cost of disconnection falling on the
21 existing customer or the utility.

22 **Meter Installation Fee**

1 United proposes to establish a \$100.00 meter installation fee in order to recover the labor cost and
2 the transportation expense incurred by field staff to travel to the customer's premises address to
3 install a new meter in response to a new customer's request. A customer would not be charged the
4 proposed meter fee when replacing existing meters nor would a new customer be charged in those
5 instances where a developer furnishes the water meter to United for installation by United's staff.

6 **Tampering Fee**

7 United is proposing the establishment of a Tampering Charge of \$250.00. In the event that the
8 Utility's equipment and facilities are damaged, tampered with, or stolen by a customer, the Utility
9 should have the means to recover the cost of the damages without requiring law-abiding customers
10 of the Utility to subsidize the cost of repairing damage to facilities that have been tampered with.
11 In this way, the Utility will avoid the legal expenses that it would otherwise incur in the absence of
12 a tampering charge when the Utility attempts to recover damages through the court system.
13 Additionally, the establishment of a tampering charge will act to deter customers from tampering
14 with the utility's assets in the first place in order to avoid incurring a tampering charge.

15 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

16 **A.** Yes it does.

EXHIBIT PCF-1



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August 31, 2010

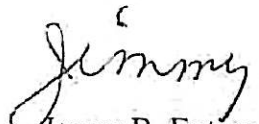
Mr. Patrick Flynn
Regional Director
Utilities, Inc.
200 Weathersfield Avenue
Altamonte Springs, Florida 32714-4027

Dear Mr. Flynn:

Thank you for taking the time out of your busy schedule to meet with me concerning the number of SFEs at North Greenville University. In the near future I will send you all the information pertinent to the facilities and SFEs on the waste water treatment plant. I will include a master plan with all of our facilities and date them before and after the agreement. Also, I will indicate which facilities are involved with the plant.

After we have thoroughly reviewed the matter and agree on the proper SFEs for our University, we will determine together our monthly cost since June 1, 2010. In the meantime or until we come to an agreeable solution, we will continue to pay the same monthly amount (\$12,011.76) without penalty.

Again, we appreciate your willingness to work with us and may God bless and keep you
always,


James B. Epting
President

JBE:es

Copy: Mac Mitchell
Michelle Lovins, Vice President for Business Affairs

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"A South Carolina Baptist Institution Supported by the Cooperative Program"

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EXHIBIT PCF-2



UNITED

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September 27, 2010

Mr. Patrick Flynn
Regional Director
Utilities, Inc.
200 Weatherfield Avenue
Altamonte Springs, Florida 32715-4027

Dear Mr. Flynn:

Over the month members of our staff at North Greenville University have been trying to determine which facilities are involved with the plant since our original agreement as well as the facilities on septic tanks and pump and haul. Their findings included proof that the SFEs should be reduced, but then, contact was made with ORS.

It was made clear that the 299 SFEs were derived by ORS and their audit was thorough and complete. Further, it was asserted that we had no basis to challenge their findings. In our meeting you were vehement in saying that United Utilities would be required to follow the recommendation of ORS concerning SFEs for NGU. Regardless of our findings, it has become apparent that it is an exercise of futility to disagree with ORS and continue our efforts to reduce the number of SFEs.

Therefore, we have no choice but to make full payment of all bills from June 1, 2010 through September 2010 rendered to NGU for sewer services. Also, per our understanding, you will waive any late penalty charges which were charged during the time of our appeal.

To say the least it is very disappointing to all of us at North Greenville University because we had worked hard to prove that a reduction of SFEs was correct. Also, it is obvious to us that we will need to continue to explore other options for handling our waste water.

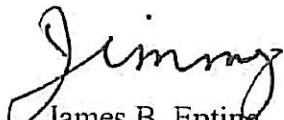
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Mr. Flynn
September 27, 2010
page two

Take care and may God bless and keep you

always,


James B. Epting
President

JBE:es

Copy: Ms. Michelle Lovins, Vice President for Business Affairs
Mr. Larry Barnwell, Director of University Properties
Mr. Mac Mitchell

North Greenville University - Where Christ Makes The Difference

EXHIBIT PCF-3



April 19, 2013

Dr. James B. Epting
North Greenville University
7801 North Tigerville Road
Tigerville, SC 29688

Re: Village at Tigerville Lift Station Acceptance Letter

Dear Dr. Epting:

The purpose of this letter is to respond to a request from Larry Barnwell, Director of University Properties, to provide a letter of acceptance of the wastewater pumped from North Greenville University's (NGU's) Pump Station No. 1, which is located at the Village of Tigerville.

As I understand it, this particular lift station was constructed some years ago without NGU first obtaining a construction permit from the South Carolina Department of Health and Environmental Control (DHEC) and acceptance by United Utility Companies, Inc. (UUC). I also understand that our NGU Wastewater Treatment Plant has been receiving, treating and disposing of flow generated from this lift station since it was constructed and placed in service. Larry Barnwell's letter indicates that NGU is working with DHEC to correct this oversight and needs this acceptance letter to document that UUC has the capacity and willingness to accept and treat the wastewater from the development served by this lift station. UUC will provide this letter after the University agrees to deliver the following items and documents to UUC along with all applicable funds:

1. Provide a comprehensive audit of all of NGU's sewer facilities (as was requested in 2010). This includes the date when connections were made, the size and type of use of the buildings, the date they were occupied, and three sets of site plans showing the dimensions, layout and specifications of the sewer infrastructure for each development or project identified in the audit.
2. Develop and execute an inflow and infiltration study of the collection system. The study must be performed or certified by a licensed professional engineer. It must include a timetable and commitment by NGU to correct the deficiencies found.
3. Remit payment to UUC for all unbilled sewer revenue due UUC as a result of NGU connecting buildings or facilities to UUC's facilities without any prior notification or authorization by UUC.
4. Remit payment for any tap fees that are due UUC as a result of NGU making sewer connections that increased the University's Single Family Equivalent (SFE) count above the original 250 SFE's. Payment will be based on UUC's tariff as approved by the South Carolina Public Service Commission, which is currently \$500.00 per additional SFE.

a Utilities, Inc. company United Utility Companies, Inc.

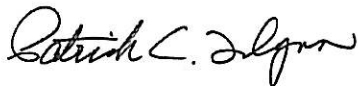
200 Weathersfield Ave. • Altamonte Springs, FL 32714-4027 • P: 800-272-1919 • F: 407-869-6961 • www.uiwater.com

5. Provide documentation of NGU's pump-and-haul records from the University's stadium facilities from the time the facilities were installed until the present. The records must include the name of the hauler. The hauler's license number, the receiving site's license number and verification of receipt of the waste.
6. Allow UUC to inspect NGU's wastewater facilities, including the facilities that serve the stadium, in order to verify that the stadium is not connected to the collection system that flows to UUC's NGU WWTP.
7. Obtain and maintain a Permit to Operate from DHEC for the facilities that serve the stadium complex.
8. Provide a written commitment to submit applications for all future construction permits to UUC for any sanitary sewer construction projects that contemplate connection to UUC's WWTP.
9. Provide a written commitment that UUC will be provided a copy of each application for county building permits so that UUC will be informed of all NGU construction activities irrespective of DHEC permitting activities or requirements and that NGU will not construct or modify any buildings without proper county building permits.
10. Provide a commitment that NGU will only dispose of domestic waste via the sanitary sewer system. NGU will agree not to dispose of cleaning products, paints, oils, greases or other via the sewer system in conformance with DHEC rules and regulations.
11. NGU must comply with UUC's Fats, Oils and Grease (FOG) program to reduce the grease load on UUC's WWTP from all food preparation facilities.

Please review the above information and provide me with a proposed timeframe to complete each item. These elements are critical in establishing a framework of trust and cooperation so that UUC can provide wastewater service to NGU that is efficient, cost effective and environmentally compliant going forward. I look forward to discussing this matter with you. I can be contacted at (800) 272-1919, extension 1359.

Sincerely,

UNITED UTILITY COMPANIES, INC.



Patrick C Flynn,
Regional Director

Cc: Mr. Mac Mitchell, Regional Manager

EXHIBIT PCF-4



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April 23, 2013

Mr. Patrick C. Flynn, Regional Director
United Utility Companies, Inc
200 Weathersfield Avenue
Altamont Springs, Florida 32714-4027

Dear Mr. Flynn:

We received your letter on April 23, 2013, and after months of no response to our requests concerning an acceptance letter for a pump station, we are glad to finally hear from you. We have reviewed the information requested in your letter and offer the following:

- 1) With regards to Items 1, 3, and 4 of your letter, and as you are aware, a comprehensive audit of the North Greenville University's (NGU) wastewater collection system (WWCS) was completed in early 2010 by the Office of Regulatory Staff (ORS). In that audit, ORS determined NGU to have 299 SFEs. This number has not increased since this audit was performed. As you are also aware, NGU remitted payment of all fees due to UUC on September 27, 2010, for all outstanding balances due based on the increased number of SFEs beginning with the June 1, 2010 service period through the September 2010 service period. NGU has continued to pay the monthly services fees based on 299 SFEs since that date. As for the requested tap fees, since the audit performed by ORS was all past due fees and expenses in September 2010 and UUC accepted this remittance as payment in full of all past due fees, NGU feels that there are no additional tap fees due to UUC at this time.
- 2) With regard to Items 2, 5, 6, and 7 of your letter, NGU is currently working with SCDHEC to resolve issues surrounding the WWCS constructed to serve the athletic complex. It has been determined that peak flows from the athletic complex will occasionally exceed 50,000 gallons per day, which, it is my understanding, exceeds the available flow capacity for the UUC WWTF. Therefore, this WWCS has not been and will never be connected to the UUC WWTF unless UUC performs a major upgrade of their system. Furthermore, as NGU is not subject to the Freedom of Information Act (FOIA) and the negotiations and permitting issue surrounding the WWCS at the athletic field do not pertain to or affect UUC, NGU is under no legal obligation to provide access to this system to UUC personnel for any reason or any documentation associated with this system. As for the WWCS currently connected to the UUC WWTF, the transfer of

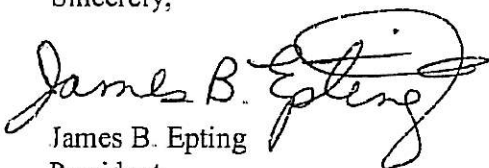
ownership agreement dated July 9, 2001, sets the responsibilities of each party with regard to their respective systems. Furthermore, this system is properly permitted (SSS000874) and currently in compliance with all SCDHEC regulations and permits, with the exception being the pump station at the Village at Tigerville. Therefore, NGU will not initiate at this time an inflow/infiltration program with regards to this collection system.

- 3) Item 8 of your letter is addressed in Paragraph 4(e) of the 2001 agreement and addresses this requirement and no further written statements will be provided. The ownership transfer agreement signed by all parties on July 9, 2001, sets the requirements for notification to UUC construction of new facilities in Paragraph 4 (e), which states: *"All Plans, Specifications, and Construction pursuant to this Paragraph 4, including facilities to be constructed or installed prior to closing, shall be in accordance with applicable standards, requirements, rules, and regulations of all agencies of the State of South Carolina and the County or Municipal jurisdiction within which the Property is situated, and shall have received the written approval of the Utility before construction is begun, which approval shall not be unreasonably withheld or delayed."*
- 4) Item 9 – UUC is not entitled to this information under the terms and conditions of the ownership transfer agreement and as stated before NGU is not subject to the FOIA, therefore, this information will not be provided to UUC as requested.
- 5) Items 10 and 11 – NGU has not been made aware of the terms and conditions of any sewer use ordinances (SUO) or requirements with regards to Fats, Oils and Greases (FOG). Once this information is provided to NGU, we will do the best of our ability to comply with those requirements.

NGU admits to failing to provide the plans and specifications for the pump station and force main for the UUC prior to construction. Therefore, attached is a set of the plans and specifications submitted to SCDHEC. It is my understanding, that these are acceptable for permit issuance once UUC issues the letter of acceptance.

Therefore, NGU respectfully requests that UUC drop all unreasonable attempts to withhold the Letter of Acceptance as required in the above passage and provide to NGU immediately upon receipt of this letter. If you have any questions about the above, feel free to contact me at your convenience.

Sincerely,


James B. Epting
President

Page 3

Copy: Mr. Rick Durham, Regional Vice President
Mr. Mac Mitchell, Regional Manager
Mr. Lee Proctor, SC DHEC, Bureau of Water, Water Pollution Enforcement Section
Ms. Melissa Dawkins, P E., Regional Engineer, DHEC Region 2 EQC Office
Mr. Willie Morgan, Office of Regulatory Staff
Mr. Larry Barnwell, Director of College Properties
Rev. Joe Hayes, Jr., Executive Director of Development
Mrs. Michelle Sabou, Vice President for Business Affairs